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## BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

Arizona Corporation Commission

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MIKE GLEASON, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF  
GROOM CREEK WATER USERS ASSOCIATION  
FOR AN INCREASE IN RATES.

DOCKET NO. W-01865A-07-0385

IN THE MATTER OF THE APPLICATION OF  
GROOM CREEK WATER USERS ASSOCIATION  
FOR APPROVAL OF FINANCING AND RATE  
CHANGES.

DOCKET NO. W-01865A-07-0384

**PROCEDURAL ORDER****BY THE COMMISSION:**

On June 25, 2007, Groom Creek Water Users Association ("Applicant" or "Groom Creek") filed with the Arizona Corporation Commission ("Commission") an application for an increase in its water rates.

On the same date, Groom Creek filed an application in Docket No. W-01865A-07-0384 requesting approval for financing.

Between July 9, 2007 and July 18, 2007, Jonathan Hoover, John and Marian Cree, Patty Berry, Mary Turbyfill, Majorie Navarro, Robert Schulz, and Donald Muller filed Motions to Intervene.

On July 25, 2007, the Commission's Utilities Division ("Staff") filed an Insufficiency Letter in Docket No. W-01865A-07-0385.

On August 10, 2007, Staff filed a Letter of Sufficiency in Docket No. W-01865A-07-0385, indicating the Applicant's rate increase application had met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C.").

On August 22, 2007, by Procedural Order the Motions to Intervene were granted.

On October 2, 2007, Staff filed a Motion for an Extension of Time to file its Staff Report until November 5, 2007, in Docket No. W-01865A-07-0385. No objections to Staff's Motion were filed.

1 On October 29, 2007, Staff filed a Motion to Consolidate the above-captioned matters.

2 On November 30, 2007, by Procedural Order the two dockets were consolidated and Staff  
3 was granted additional time, until December 17, 2007, to file a Staff Report on the consolidated  
4 dockets and the timeclock in this matter was suspended.

5 On December 3, 2007, Groom Creek filed a copy of a special report sent to all Association  
6 members regarding a major water main break that occurred in October, 2007.

7 On December 14, 2007, Applicant docketed a Response in support of Staff's request for  
8 additional time, and requesting that Staff be given until December 31, 2007, to file a Staff Report.

9 On December 17, 2007, Staff filed a Response to Groom Creek's Letter concurring with the  
10 request for additional time until December 31, 2007, to file a Staff Report.

11 On December 19, 2007, by Procedural Order Staff was granted additional time, until January  
12 4, 2008, to file a Staff Report.

13 On December 21, 2007, Staff filed a Clarification to Staff's Response to Groom Creek's  
14 Letter. In its filing, Staff requested additional time to file a Staff Report until January 31, 2008,  
15 because the engineering analysis filed by Groom Creek on December 14, 2007, required Staff to issue  
16 more data requests.

17 On December 27, 2007, by Procedural Order Staff was granted additional time, until January  
18 31, 2008, to file a Staff Report.

19 On January 31, 2008, Staff filed a Staff Report recommending approval of Groom Creek's  
20 applications for a permanent rate increase and approval for financing.

21 On February 5, 2008, Staff filed a Notice of Errata to the Staff Report.

22 On February 11, 2008, Groom Creek filed Responses to the Staff Report, objecting to the  
23 recommended base rate increase, as well as other increases recommended by Staff.

24 On February 22, 2008, by Procedural Order a Procedural Conference was scheduled for  
25 March 5, 2008, to determine whether the matter should continue as a non-hearing item. The  
26 timeclock remained suspended.

27 On March 5, 2008, Staff appeared at the Procedural Conference through counsel, and Mr.  
28 Jerry Hodgson, President of the Board of Directors for Groom Creek appeared on behalf of the

1 Applicant. During the Procedural Conference both parties stated that they believed the issues in the  
2 case should be resolved through a hearing. The parties also stated that they believed there were some  
3 issues that might be resolved prior to a hearing in this matter.

4 On March 18, 2008, by Procedural Order the evidentiary hearing on the consolidated  
5 applications was scheduled for May 15, 2008, and the parties were directed to continue settlement of  
6 the issues.

7 On May 15, 2008, a full public hearing was commenced before a duly authorized  
8 Administrative Law Judge ("ALJ") of the Commission at its offices in Phoenix, Arizona. Staff  
9 appeared through counsel, Mr. Jerry D. Hodgson appeared on behalf of the Applicant, and members  
10 of the public presented public comment. It was determined that a second day of hearing was  
11 necessary and the hearing was scheduled to reconvene on May 22, 2008.

12 On May 21, 2008, the parties initiated a Telephonic Procedural Conference with the ALJ and  
13 requested that the hearing date be reset to help facilitate further settlement of the issues.

14 On May 21, 2008, by Procedural Order the hearing was set to reconvene on July 21, 2008.  
15 The Procedural Order also directed Staff to file a Supplemental Staff Report by July 5, 2008, and  
16 directed Groom Creek to file responses to Staff's Supplemental Staff Report by July 14, 2008. The  
17 timeclock remained suspended.

18 On July 8, 2008, Staff filed a Supplemental Staff Report. Staff continued to recommend  
19 approval of the applications and stated that Staff believed Groom Creek was in agreement with  
20 Staff's proposed rates, charges and alternative financing.

21 On July 17, 2008, Intervenors Berry, Cree, Turbyfill, Navarro, Schulz and Miller filed a letter  
22 outlining oppositions and agreements to Staff's revised recommendations in the Supplemental Staff  
23 Report.

24 On July 21, 2008, a second day of hearing was held in this matter. At the conclusion of the  
25 hearing Staff was directed to docket late-filed exhibits related to the testimony in the hearing.

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1 IT IS THEREFORE ORDERED that Staff shall file, on or before August 15, 2008, as a  
2 late-filed exhibit the corrections to the Supplemental Staff Report testified to during the  
3 hearing.

4 IT IS FURTHER ORDERED that Staff shall file on or before August 15, 2008, an analysis  
5 and recommendations of the additional revenues needed by Groom Creek, if the Commission  
6 authorizes financing in the amount of \$1.8 million for the capital improvement projects  
7 discussed during the hearing. The analysis shall include alternative schedules illustrating the  
8 effect on rates of granting such additional revenues.

9 IT IS FURTHER ORDERED that Groom Creek and any intervenors shall file, on or  
10 before August 29, 2008, responses to the late-filed exhibits.

11 IT IS FURTHER ORDERED that the timeclock in this matter remains suspended.

12 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
13 Communications) continues to apply to this proceeding.

14 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules  
15 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*  
16 *hac vice*.

17 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
18 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the  
19 Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation  
20 to appear at all hearings and procedural conferences, as well as all Open Meetings for which the  
21 matter is scheduled for discussion, unless counsel has previously been granted permission to  
22 withdraw by the Administrative Law Judge or the Commission.

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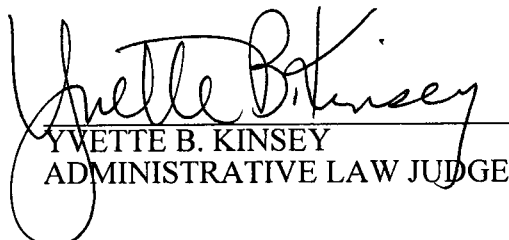
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IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

Dated this 30<sup>th</sup> day of July, 2008.

  
YVETTE B. KINSEY  
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered this 30<sup>th</sup> day of July, 2008 to:

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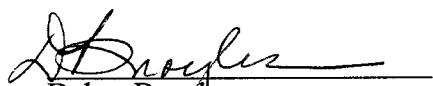
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By:   
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Secretary to Yvette B. Kinsey